



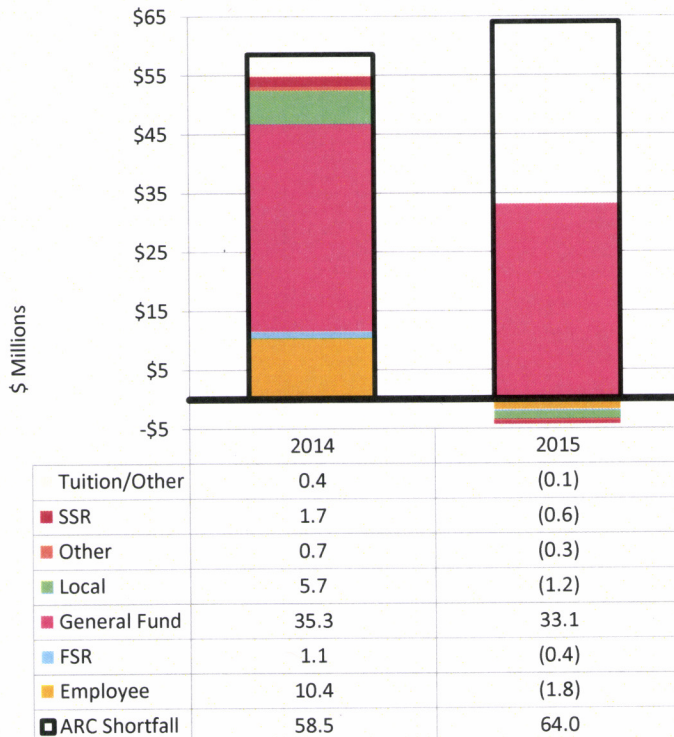
Montana Legislative Fiscal Division

HB 454: Provide Funding for PERS Defined Benefit Plan

www.leg.mt.gov/css/fiscal

Primary Sponsor: Bill McChesney

HB 454 for PERS: Funding Increase vs. ARC Shortfall



Annual Required Contribution (ARC)

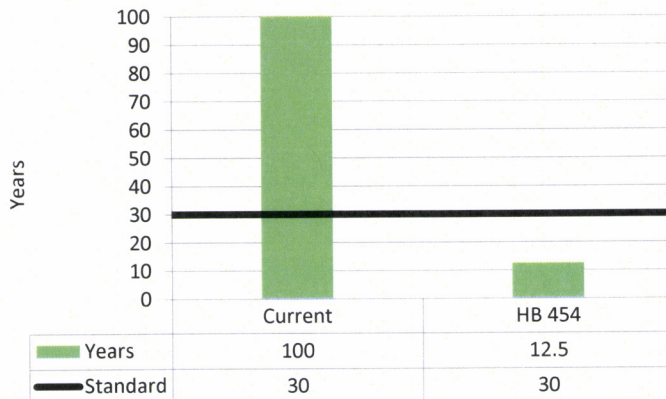
HB 454 provides additional funding to amortize the unfunded liabilities of PERS through increased employee and employer contributions, and revenue and interest earnings from natural resource development.

HB 454, as amended, revises GABA for active and retired members and new employees hired after 7/1/2013. The bill includes appropriations for the additional 1% employer contribution for state agencies and the Montana University System.

Beginning in FY 2017, the bill allocates three-eighths of coal severance tax revenue to the coal tax permanent fund and eliminates the allocations to various funds.

The increased funding and the revised GABA provided by HB 454 for PERS addresses a significant portion of the ARC shortfall.

HB 454 for PERS: Amortization Period



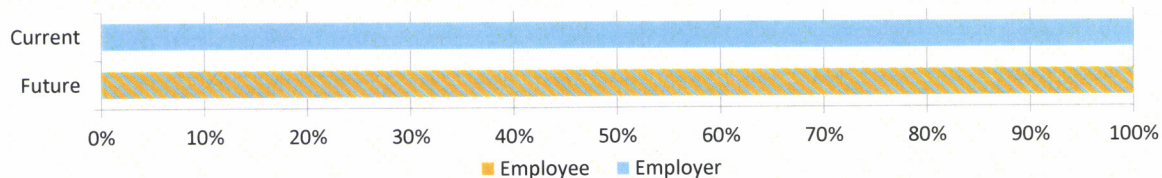
Amortization Period

The goal is to have the amortization period for the PERS unfunded liability less than or equal to 30 years.

The funding increase proposed by HB 454 for PERS reduces the amortization period from infinite to about 12.5 years.

The unfunded PERS liability currently does not amortize; however, the amortization period is set at 100 years for graphing purposes.

HB 454 Investment Risk Share



Other comments: